

EXHIBIT 1

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

PUREWICK CORPORATION,)
)
 Plaintiff,) C.A. No. 22-102-MN
)
v.)
)
SAGE PRODUCTS, LLC,)
)
 Defendant.)

Friday, January 6, 2023
4:00 p.m.

844 King Street
Wilmington, Delaware

BEFORE: THE HONORABLE JENNIFER L. HALL
United States District Court Judge

APPEARANCES:

SHAW KELLER, LLP
BY: JOHN W. SHAW, ESQ.

-and-

QUINN, EMANUEL, URQUHART & SULLIVAN, LLP
BY: STEVEN C. CHERNY, ESQ.
BY: NICOLA FELICE, ESQ.
BY: BRIAN P. BIDDINGER, ESQ.

Counsel for the Plaintiff

1 APPEARANCES CONTINUED:

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YOUNG, CONAWAY, STARGATT & TAYLOR, LLP
BY: SAMANTHA WILSON, ESQ.

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-and-

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McANDREWS, HELD & MALLOY, LTD
BY: CHRISTOPHER SCHARFF, ESQ.

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BY: RYAN PIANETTO, ESQ.

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BY: SANDRA FRANTZEN, ESQ.

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Counsel for the Defendant

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1 THE COURT: Good afternoon,
2 everyone. This is Jennifer Hall. We're here on
3 the phone for a discovery dispute
4 teleconference. This is PureWick Corporation
5 versus Sage Products, LLC, civil action number
6 22-102-MN. I understand we have a court
7 reporter on the line. The court reporter is
8 Stacy Ingram. May I please have appearances for
9 plaintiff starting with Delaware counsel.

10 MR. SHAW: Good afternoon, Your
11 Honor. This is John Shaw for PureWick. Joining
12 me from Quinn Emanuel are Steven Cherny, Brian
13 Biddinger and Nicola Felice.

14 THE COURT: Good afternoon to all
15 of you. And may I have appearances, please, for
16 defendants starting with Delaware counsel?

17 MS. WILSON: Good afternoon, Your
18 Honor. This is Samantha Wilson from Young
19 Conaway for Sage and with me today is Sandra
20 Frantzen, Christopher Scharff and Ryan Pianetto
21 from McAndrews, Held & Malloy.

22 THE COURT: Good afternoon to all
23 of you. Okay. So we've got two sets of
24 letters. We've read them. I think we

1 little bit less blunt in this regard is in their
2 own letter they do point out some of the stuff
3 that they say look, they seem to on the one hand
4 not be willing to constrain themselves(sic) in
5 any way, but then they say, well, for example,
6 Medline, who is a third party competitor. If
7 they want to go talk to Medline and obviously
8 talk to them about issues relating to the market
9 and damages, sure. If they're going to Medline
10 to talk to them about some type of invalidity
11 arguments, our view is invalidity is already
12 done.

13 And so Kate Paulick was a
14 perfectly good example of somebody who has no
15 information about anything other than their
16 alleged prior use. The Newtons, who testified
17 at trial, Camille and Ray Newton, they testified
18 at length at trial, they literally represented
19 to Judge Noreika that they were going to cross
20 examine them and show that they weren't telling
21 the truth and they never did. And by the time
22 we got to the end of the trial, they took jmal
23 on this underlying public use assertion. So
24 from our perspective, we don't think the

1 Newton's should have to give discovery and be
2 deposed again or have discovery taken of them,
3 because there's nothing that they know about
4 that wasn't the subject. They don't know
5 anything about the new product for infringement.
6 They don't know anything about damages. The
7 only information they have relates to the facts
8 relating to this public use and on sale bar
9 argument. So from our perspective --

10 THE COURT: Wait. Let me just
11 make sure I understand, though. They're the
12 inventors, aren't they?

13 MR. CHERNY: Correct. They're the
14 inventors --

15 THE COURT: Don't you have new
16 claims that you're putting at issue in this
17 litigation?

18 MR. CHERNY: There is one new
19 claim at issue and the new claim has an element
20 related to a vent and they're not saying that
21 somehow there's a difference here about the
22 product that they're alleging was the prior on
23 sale bar or use. So it's the exact same product
24 that they never were able to prove up in front

1 of the jury was in any way on sale or a public
2 use or met any of the elements. And so we have
3 one new claim. I mean, I guess they could argue
4 about the one difference in the claim relating
5 to the additional elements of the vent, but
6 there is no difference relating to that claim
7 and any of the other claims that were
8 adjudicated relating to this alleged prior sale
9 and public use. And so there's --

10 THE COURT: Okay. I understand
11 you're point on that. Let me ask you this. You
12 mentioned that this was a burden our client and
13 you're talking about PureWick. The discovery
14 requests that are at issue in your motion were
15 all third party discovery requests, so it's the
16 burden that you have to look at the documents
17 that are produced by these third parties and
18 potentially show up for whatever depositions?

19 MR. CHERNY: And we'll be
20 representing them at our client's expense as
21 well, which happened in the first case as well.
22 And so, I mean, it's a burden on the third
23 parties, but it is overall more of a burden on
24 my client because my client covers all these

1 you want to say more about your protective
2 order?

3 MR. CHERNY: No, Your Honor. Our
4 main issue basically is is that we're looking
5 for help from the Court to set up some guard
6 rails so we're not redoing everything that was
7 done and adjudicated in the last case. That's
8 mainly our point.

9 THE COURT: Okay. Understood.
10 Thank you very much, Mr. Cherny. Let's turn it
11 over to the other side.

12 MR. SCHARFF: Thank you, Your
13 Honor. This is Christopher Sharff for
14 defendant, Sage Products. So from the outset
15 I'd like to clarify one thing. PureWick already
16 raised this exact argument. It's argument that
17 there shouldn't be discovery on certain defenses
18 because of PureWick's pending motion with Judge
19 Noreika. So PureWick filed its motion for
20 judgment on the pleadings on this issue, which
21 is still pending. In the meantime, Judge
22 Noreika specifically ordered that discovery on
23 Sage's defenses, including its invalidity
24 defenses, should proceed. Specifically when the

1 parties submitted a proposed scheduling order,
2 PureWick had proposed that there should be no
3 discovery on these defenses, but Judge Noreika
4 overruled their proposal and specifically
5 ordered that Sage is entitled to take this
6 discovery. That's the scheduling order at
7 paragraphs 7B and 7H, for example. So what
8 PureWick really is trying to do is circumvent
9 Judge Noreika on the basis of three pages of
10 discovery letters. They really want effectively
11 an earlier ruling on their motion for judgment
12 on the pleadings. So this isn't really a
13 discovery dispute. To the extent that the
14 parties do end up having a dispute over the
15 admissibility of a given document that's
16 produced from these third parties, that's for
17 another day. For example, a document produced
18 from one of these third party may be relevant to
19 multiple issues, but its admissibility for a
20 particular purpose should be addressed later.
21 That's just the first procedural problem with
22 PureWick's motion.

23 In a bit I'll get to PureWick's
24 argument that we should somehow be precluded

1 from taking any discovery that we could have
2 taken in the first lawsuit. It's not the law
3 and we don't think there's any case law to
4 support that argument or any argument that
5 you're not allowed to redo discovery. I mean,
6 they're trying to recraft law of estoppel to be
7 must broader than it is.

8 Before I get to that, the second
9 problem with PureWick's motion is that even if
10 this is a proper discovery dispute, these
11 subpoenas to these 10 third parties, PureWick
12 isn't the one to raise it. PureWick hasn't
13 satisfied any of the legal requirements for
14 PureWick as a party litigant to step in and
15 prevent us from taking discovery from third
16 parties. Even worse, most of these third
17 parties don't even largely object to producing
18 these documents. Mr. Cherny, for example,
19 incorrectly said that they're representing all
20 of these third parties. They're only
21 representing about half of them. Several of
22 them are companies that have, in fact, agreed
23 and at least one company already has produced
24 documents. That's TriCity. Another one, First

1 Quality, just before this hearing, produced some
2 documents that we're going to be getting off to
3 the other side. And then another example, Kate
4 Paulick, that Mr. Cherny talked about for a
5 while, before -- so Kate Pollack had iniditially
6 indicated that she was willing to produce the
7 documents subject to the subpoena until
8 PureWick's attorneys contacted her, offered to
9 represent her and then changed her answer, all
10 after the return date for her subpoena.

11 Now, PureWick itself is required,
12 in order to get a protective order, to show that
13 PureWick is specifically and seriously going to
14 be harmed if we're allowed to take this
15 discovery, but the only thing that I've heard
16 from PureWick is that PureWick will have to look
17 through these documents and maybe attend some
18 depositions, but that's just litigation
19 expenses, that's not, you know, any undue harm
20 or prejudice or anything that would entitle them
21 to a protective order.

22 And then, you know, again, these
23 documents aren't asking PureWick itself to
24 produce anything. It's also notable that

1 PureWick had indicated that on these exact
2 topics that it was going to be producing
3 documents within these topics. So I don't know
4 why a different standard should apply to third
5 parties.

6 Then, even if those first and
7 second points don't apply, now, I heard Mr.
8 Cherny say that PureWick doesn't have any
9 problem with discovery that relates to new
10 issues or issues that aren't at issue with their
11 collateral estoppel arguments, but that's not
12 what PureWick's motioned had asked for. And at
13 the meet and confer we specifically asked
14 PureWick, are you objecting to all of the
15 discovery that we're seeking with these
16 subpoenas, and they said yes, everything. But
17 these subpoenas seek a great deal of information
18 that has nothing to do with the arguments that
19 PureWick has argued estoppel on, such as
20 information about new non-infringing
21 alternatives that we couldn't have taken
22 discovery on before. Yet PureWick made no
23 attempts to limit its motion to any specific
24 topics, even though it's PureWick's burden to

1 show specific harm.

2 And, you know, for example, the
3 Medline subpoena asks for documents regarding
4 their new product. The moment the subpoena asks
5 for documents about new products and information
6 like valuations of PureWick, again, TriCity, I
7 mentioned just produced documents today. So
8 then -- and then the Pollack subpoena was one
9 that Mr. Cherny had focused on and that, at the
10 very least, relates to invalidity of the new
11 asserted claim.

12 Now, Mr. Cherny had said that
13 there's only one difference with the new claim.
14 There's actually several, including the fact
15 that the new claim doesn't require an interior
16 tube whereas all of the other claims do require
17 one and that obviously opens up different prior
18 art. We no longer need to look for prior art
19 that has a tube. And so because of that, we are
20 needing to then redo some discovery on
21 invalidity, because of they're new asserted
22 claim.

23 So then fourth, as we explained in
24 our briefing, aside from all of the rest of

1 this, even if you were to get to the estoppel
2 issue on the merits, which we don't think is
3 appropriate here, we don't think that their
4 estoppel argument has any merit.

5 So again, I mentioned the new
6 claim that's being asserted for purposes of
7 invalidity. In addition, our inequitable
8 conduct argument is something new that was never
9 previously litigated. In fact, inequitable
10 conduct was never previously litigated in the
11 prior lawsuit. And we cited case law --

12 THE COURT: Wasn't it an issue to
13 be litigated that was in the pretrial order?

14 MR. SCHARFF: It may have been in
15 the pretrial order, but it wasn't actually
16 litigated.

17 MS. WILSON: Your Honor,
18 inequitable conduct was not in the pretrial
19 order. It was never alleged in the prior case.

20 THE COURT: Thank you.

21 MR. SCHARFF: So Your Honor, for
22 example, we cited the Lucky Brand case, the
23 supreme court says that specifically says if
24 you're sued in a second lawsuit, the test isn't

1 oh, you could have raised that defense before so
2 you're barred. That just isn't how estoppel
3 works, nor discovery and PureWick doesn't cite
4 to any cases to that effect. Really, if we were
5 talking about estoppel, it would be very narrow
6 as looking at was this identical issue actually
7 litigated, not this broad, sweeping argument of
8 we can't redo discovery or we can't take
9 discovery from parties that we could have
10 deposed before.

11 I'll note, for example, Your Honor
12 too, out of these 10 subpoenas, only two were
13 actually subpoenaed previously and that's the
14 Newtons, who were the former owners of PureWick
15 and inventors and we specifically said in the
16 Newton subpoenas that we're not seeking
17 documents that they produced previously. So to
18 the extent that there is some overlap, there's
19 no harm, because we specifically said we don't
20 need you to produce documents you produced
21 before. If it is a document that you found that
22 you didn't find before, well, then it should be
23 produced, but everything else is new discovery.

24 So then lastly, Mr. Cherny didn't

1 bit of discovery from the last case. He's not
2 saying there's any reason not to and that cannot
3 possibly be the way things go forward. There is
4 a reason why, when you have a case and things
5 are adjudicated against a party, that then acts
6 to focus the next case going forward on the same
7 issues, in this case, validity and
8 enforceability of the patent in suit.

9 THE COURT: All right. Thank you
10 very much, Mr. Cherny. Let me just take a brief
11 recess. I'm going to go on mute. I should be
12 able to give you a ruling on this issue.

13 (Short recess.)

14 THE COURT: Okay. So bear with
15 me. Late in the day on a Friday, so I'll try
16 and articulate the reasons for my ruling. I
17 want to say at the outset that I do appreciate
18 Mr. Cherny's comments and understand his
19 position, particularly his comment and
20 recognition that I'm in a tough position here
21 because the motion for judgment on the pleadings
22 is not before me.

23 That said, I do have a discovery
24 motion before me that I need to resolve and so

1 I've carefully considered all of the arguments
2 today and I consider that on balance in these
3 particular circumstances that plaintiff has not
4 met its burden for a protective order. Again,
5 we're dealing with third party subpoenas here.

6 Mr. Cherny's made the comment that
7 litigating these defenses again at trial may be
8 burdensome and I don't doubt that that's the
9 case, but what we need to decide today is
10 whether allowing this third party discovery
11 requested by defendants is unduly burdensome and
12 I find that it's not.

13 We do have some arguments from
14 plaintiff's side that sort of sound like a
15 discovery estoppel theory, so the fact that you
16 could have gotten discovery from a particular
17 source on a particular issue in the first case
18 means you shouldn't be able to get it now. I
19 understand that point, but I don't find that it
20 weighs in favor of a protective order. Again,
21 we also have an issue that could be new in this
22 case. For example, we've got at least a new
23 claim and we have a request for depositions of
24 the inventors, which I do think is appropriate.

1 One possibility to be considered
2 is whether we could somehow stay discovery and
3 wait until we get a ruling from Judge Noreika.
4 I don't think, given the schedule on here, that
5 it does make sense to wait. Of course the
6 schedule isn't the only things I'm considering,
7 though, but in light of the fact that we're
8 talking about third party discovery that I don't
9 think is particularly burdensome, I definitely
10 don't think it makes sense to wait.

11 And I also have considered whether
12 we should go through each one of the subpoenas
13 at issue in plaintiff's motion and try to figure
14 out exactly what can and can't be asked at a
15 deposition or document can or can't be produced.
16 I don't think that's appropriate. I think
17 that's probably more likely to raise more future
18 disputes than resolve them. And again, while
19 that type of resolution might be appropriate in
20 a different case, I think here, given the fact
21 that I don't think it's that burdensome, that
22 that's the way we ought to proceed.

23 So the motion for a protective
24 order is going to be denied.